

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7299

BILL NUMBER: HB 1703

NOTE PREPARED: Jan 26, 2007

BILL AMENDED:

SUBJECT: Assessed value appeals.

FIRST AUTHOR: Rep. Smith M

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the county auditor to mail a property tax informational statement to each taxpayer in the county beginning in 2007 instead of 2009. It conforms to that change the assessment appeal right triggered by the mailing of the informational statement. It also provides that if the informational statement is not mailed, the taxpayer may appeal the assessment within 45 days after receipt of the tax bill. The bill requires a political subdivision to give public notice of budget and levy information before August 10 beginning in 2007 instead of 2009.

Effective Date: January 1, 2007 (retroactive).

Explanation of State Expenditures:

Indirect Impact: The state pays Property Tax Replacement Credits (PTRC) in the amount of 60% of school General Fund levies attributable to all property. The state also pays 20% of the portion of operating levies (including the remaining 40% of the school GF levy) that are attributable to real property and non-business personal property. Homestead credits are paid by the state in the amount of 20% of the net property tax due for qualifying funds on owner-occupied residences.

Under this proposal and subject to appropriation, annual state PTRC and Homestead payments could change if successful assessment appeals cause a tax shift to other property. If part of the tax shift is applied to business personal property, PTRC payments would decline. If part of the tax shift is applied to homesteads, Homestead payments would increase. PTRC and Homestead Credits are paid from the Property Tax Replacement Fund.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill requires counties to mail a property tax informational statement to each property taxpayer beginning in 2007 instead of 2009, two years ahead of its previously scheduled start. Some counties are already complying with this requirement. For those counties who have not, there will incur additional administrative and postage costs for these two years.

Explanation of Local Revenues: Under current law, for an appeal of an assessment to be effective with taxes payable in the next year, a request for a preliminary conference with the assessor must be made within the time limits as follows:

- 1) If a notice of a change in assessment is given to the taxpayer, the request must be made within 45 days after the notice is sent;
- 2) For taxes payable through 2009, if no notice of change is given, the request must be made by May 10 of the assessment year; or
- 3) Beginning with taxes payable in 2010, if no notice of change is given, the request must be made within 45 days of the statement of assessed value and estimated taxes that county auditors must mail (beginning in 2009) to each taxpayer by August 10 of the assessment year.

This bill makes the following changes:

- 1) (With no change) If a notice of a change in assessment is given to the taxpayer, the request must be made within 45 days after the notice is sent;
- 2) For taxes payable through **2007**, if no notice of change is given, the request must be made by May 10 of the assessment year; or
- 3) Beginning with taxes payable in **2007**, if no notice of change is given, the request must be made within 45 days of the statement of assessed value and estimated taxes that county auditors must mail (beginning in **2007**) to each taxpayer by August 10 of the assessment year.

County auditors may currently reduce the certified AV by the amount needed (up to 2% of total AV) to absorb the effects expected to result from successful appeals. This will cause a tax shift from the property that successfully appealed to other property in the form of an increased tax rate. Successful appeals filed after tax rates are set would result in a reduction of property tax collections for civil taxing units and school corporations. The amount of revenue reduction would depend on the magnitude of later filed appeals.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: County assessors; Township assessors; County property tax assessment boards of appeals (PTABOA); County Auditors; All taxing units.

Information Sources:

Fiscal Analyst: David Lusan, 317-232-9592.